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EXECUTIVE COMMITTEE OF THE
HIGH COMMISSIONER'S PROGRAMME

Forty-fourth session

UNHCR ACTIVITIES FINANCED FROM VOLUNTARY FUNDS
REPORT FOR 1992-1993 AND PROPOSED PROGRAMMES AND BUDGET FOR 1994

Report of the Advisory Committee on Administrative and Budgetary Questions

1. The Advisory Committee on Administrative and Budgetary Questions has considered the High Commissioner's report on UNHCR activities financed by voluntary funds for 1992-1993 and proposed programmes and budget for 1994, as contained in the overview document (A/AC.96/813) and Parts I to VI of document A/AC.96/808. The Committee has also considered the documents on Update of UNHCR Programme and Funding Projections for 1993 and 1994 (EC/1993/SC.2/CRP.19), Categorization of Posts (EC/1993/SC.2/CRP.25), A Proposal to create an Inspector of Operational Activities (EC/1993/SC.2/CRP.28) and Update on UNHCR's New Headquarters Premises (EC/1993/SC.2/CRP.29). During consideration of the above reports, representatives of the High Commissioner submitted additional information to the Committee.

General observations

2. The Advisory Committee recalls its observation in its last report that the timetable for its consideration of the High Commissioner's submission is causing difficulties since these documents are available to the Advisory Committee at the beginning of September and the Committee is expected to submit its observations and recommendations thereon by mid-September for early consideration by the Executive Committee. Bearing in mind the rapidly increasing scope and complexity of UNHCR activities with projected requirements of $1,414 million for 1993, the Advisory Committee believes

that it needs more time to properly discharge its responsibilities. In view of the foregoing, the Advisory Committee reiterates its request that the Executive Committee reconsider this issue, including the submission of the budget documents at an earlier date and the possibility of meeting at a later stage, to enable the Advisory Committee to carry out a detailed review of the High Commissioner's proposals.

3. The Committee discussed in detail the presentation of the documentation with the representatives of the High Commissioner. The Committee reiterates its view, as indicated in its last report, that the time has come for UNHCR to present the proposed programme budget in a more comprehensive and transparent manner. The Committee is of the opinion that the overview document which should contain all the relevant information in a concise format for decision-making by the Executive Committee. The Committee is of the view that the document entitled "Overview of UNHCR activities, Report for 1992-1993" deals mainly with activities carried out during the current biennium and does not contain a detailed analysis of the budgetary and programme proposals for 1994. In this connection, the Committee recalls its observation in its last report that there is a need for more transparency, substantiating the administrative and budgetary implications of programme activities and providing more specific information on programmes and budget performance in the previous year and corresponding proposals with detailed cost estimates for the next year; such proposals should clearly indicate the objects of expenditure and justify any increase or decrease in resources.

4. The Committee believes that the information contained in Parts I to VI of the budget document on activities at the country and regional level is useful for information purposes and could be presented in separate volumes as annexes to a comprehensive document containing the programme and budget proposals of the High Commissioner. This document should replace the present overview document. In this connection, the Committee reiterates its recommendation in its 1991 report that the information on the existing overall allocations belongs more appropriately in the overview (see para. 13 below).

5. The Committee notes that a UNHCR Working Group on Programme Management and Operational Capacity made a number of recommendations on the further delegation of the management of country programmes to the field, modifications to UNHCR's programming cycle, increased budgetary flexibility under implementing instruments and a streamlined, simplified and integrated reporting process towards headquarters (para. 39). The Committee further notes that the recommendations are summarized in a conference paper (EC/1993/SC.2/CRP.20) which was not available to the Committee during its consideration and are already being implemented (para. 40). The Committee is of the view that recommendations with an impact on UNHCR programme management and operations should be set out in detail in the overview document for consideration by the Advisory Committee and appraisal of the Executive Committee prior to implementation.

6. In this connection, the Committee observes that UNHCR continues to issue a large number of conference papers on programme activities and

budgetary and financial matters in a summary format (see para. 1 above) for the Sub-Committee on Administrative and Financial Matters which are not incorporated in the budget documents. Furthermore, a number of conference room papers which were issued in 1992 were not available to the Committee. The Committee reiterates its recommendation that the overview document should contain specific and concise information on all matters with administrative and budgetary implications which are being reported to the Sub-Committee on Administrative and Financial Matters during the current budget year. The Committee sees no reason why these important matters with administrative and financial implications should not be presented as formal proposals and included in the overview document.

Overview of UNHCR Activities, Report for 1992-1993 (A/AC.96/813)

7. The Committee is of the view that the headquarters costs of the UNHCR activities are not presented in a transparent manner. The Committee concludes that there is a need for a separate section in the overview on headquarters activities and related costs. For example, table V.7 indicates the overall staffing level and does not give a breakdown of posts of the headquarters divisions. In view of the large increase of headquarters posts from 530 in 1990 to 749 in 1993, or by some 40 per cent in the last three years, the Committee believes that there is a need to justify whether all existing and additional functions need to be carried out at headquarters, bearing in mind that Geneva is one of the high-cost duty stations and the scarcity of office space. For example, according to annex II of Part VI, there are 157.6 work-years for regional coordination at headquarters, which represents the largest organizational unit. The Committee is of the view that justification is needed for all the posts for regional coordination at headquarters.

8. The Committee notes under programme management and implementation that in April 1993 the former Division of the Controller was reorganized into two new divisions, namely the Division of the Controller and Management Services and the Division of Programmes and Operational Support. The Committee is of the view that the restructuring of UNHCR headquarters should have been elaborated in the overview document, with detailed justification, revised organizational structure and administrative and budgetary implications. Furthermore, the management reforms with regard to the reported budgetary flexibility and a streamlined reporting process should have been specified for consideration by the Advisory Committee and the Executive Committee.

9. With regard to programme activities, the Committee notes that according to table V.4, the allocations under General Programmes are projected to decrease from 35 to 29 per cent of all sources of funds while the Special Programmes will increase from 63 to 69 per cent. The Committee notes that about 70 per cent of UNHCR operations are financed under Special Programmes and that these activities are mostly reported after implementation while prior legislative consideration applies mainly to General Programmes. The Committee is of the view that UNHCR should ensure

that Special Programmes do not contain any elements which should properly be incorporated into General Programmes. Moreover, UNHCR should explore ways and means of enhancing legislative oversight and control over activities and related expenditures for Special Programmes.

10. According to summary table 4, the revised 1993 allocation under General Programmes for total programmed activities amounts to $371.7 million. The Committee is of the view that the information provided by budget sector does not fully explain the allocations and needs to be supplemented at the sector-activity level. Upon inquiry, the Committee was informed that the revised 1993 allocation for agency operational support ($31.9 million) consists of general project management ($27.1 million), training ($1.4 million), public information ($0.7 million), plan/survey ($0.4 million), office/housing construction ($0.4 million) and other operational support ($2.0 million). The Committee believes that the 61 per cent increase of agency operational support during 1993 should have been justified in the overview document.

11. With regard to transport ($38.3 million), the Committee was informed that it consists of incountry transport of food and non-food items ($21.3 million), other transport/logistics activities ($4.6 million) and other services, including $10.8 million in costs for internal transportation, storage and handling (ITSH) expected to be met by the World Food Programme (WFP). In this connection, the Committee recalls, as indicated in its last report, that according to the new agreement on division of responsibilities between WFP and UNHCR which has come into effect as of 1 January 1992, WFP has assumed full responsibility for resource mobilization and is gradually assuming operational responsibility for ITSH. The Committee is of the view that the scope of responsibilities and level of financial resources of WFP under ITSH is not clear from the overview (paras. 46 to 49) and needs to be specified, bearing in mind that WFP was supposed to increase its funds under the agreement and assume full responsibility for ITSH. The Committee recommends that the overview include a breakdown, indicating the various activities and level of resources under transport and the related responsibilities of UNHCR and WFP under ITSH.

12. Upon inquiry, the Committee was provided with a breakdown of budgets executed by UNHCR and other implementing partners (governmental and non-governmental) with regard to the updated total budget of $1.27 billion in voluntary funds as contained in document EC/1993/SC.2/CRP.19. The Committee is of the view that the above information and comments thereon belong more appropriately in the overview document.

13. The Committee reiterates its view that UNHCR should reconsider the current breakdown between overall allocations and country allocations. The Committee believes there is a need for more transparency through a shifting of some overall allocations to country allocations. For example, the Committee is of the view that some allocations under General Programmes such as care and maintenance (paras. 6.0.7 to 6.0.9) and voluntary repatriation (para. 6.0.10) could be incorporated into the corresponding country allocations which would consolidate programme management and enhance the transparency in the presentation.

Proposal for an Inspector of Operational Activities
(EC/1993/SC.2/CRP.28)

14. The Committee notes that the purpose for the creation of the Office of an Inspector for Operational Activities is to provide the High Commissioner with an additional management tool which is "meant primarily to enable the High Commissioner to have a comprehensive assessment of UNHCR performance in the field, in terms of overall quality of representation, broad achievement of objectives, and general administrative/financial accountability" (para. 4). The High Commissioner is of the view that the position would enable her "to support the full spectrum of UNHCR's protection and assistance activities in the field and to assure that the systems, structures and staff welfare are such that they facilitate the pursuit of UNHCR goals in a given country." The Committee notes that the Inspector would review overall office management and staff welfare, including the working environment, security, morale, living conditions and would also assess the quality and effectiveness of UNHCR representation, including the working relationships with the host Government, UNHCR's implementing partners and other United Nations programmes and funds. Furthermore, the High Commissioner could also instruct the Inspector to assess the performance of the various functional units at headquarters which provide support to field operations.

15. The Committee is of the view that the proposed functions of the Inspector are very broad and cover the spectrum of all UNHCR activities, the structure, organization and management of its programme activities as well as its internal and external work relationships. Upon inquiry, the Committee was informed that a job description for the proposed post is not available. The Committee points out that the proposed establishment of a senior post at the D-2 level needs to be justified and that in order to avoid duplication, the functions should be clearly defined, especially in relation to those responsibilities which are currently being performed by existing staff of UNHCR, the United Nations secretariat and other United Nations bodies.

16. In this connection, the Committee points out that there is a need to clarify the functional relationship of the proposed UNHCR Inspector with a number of existing UNHCR units which carry out some of the functions such as the Central Evaluation Section and the Division of Human Resources Management as well as with the newly appointed United Nations Assistant Secretary-General for Inspections and Investigations, who heads the Central Evaluation Unit, Central Monitoring Unit, Internal Audit Division and Management Advisory Service of the United Nations (ST/SGB/262 and 263).

17. The Committee points out that it is not clear which of the proposed functions of the Inspector are currently not being performed by present staff; the Committee is not satisfied that these functions cannot be performed by any of the existing units of UNHCR or the United Nations. The Committee believes that some of the functions of the post relate more to evaluation and management support rather than inspection and could be performed by the Deputy High Commissioner and the two Senior Management Advisers in the new Division of the Controller and Management Services.

18. The Committee notes that the Inspector would be appointed by the High Commissioner, establish a close link with that Office, prepare the work programme and field visits in consultation with the High Commissioner and submit strictly confidential reports to the High Commissioner after sharing his/her observations and recommendations with the representative in charge of the Regional/Branch Office concerned (paras. 6 to 8). The Committee was not fully convinced that the proposed appointment by the High Commissioner, terms of reference, work programme and reporting procedure without a direct link to the legislative organ of UNHCR would give the Inspector the necessary independence and authority to carry out the functions effectively.

19. In view of the aforesaid, the Committee is of the view that there is a need for more information and detailed justification to establish an Office of Inspector of Operational Activities at UNHCR. The Committee therefore recommends that UNHCR undertake a study and assess all aspects of the proposed establishment of an Inspector in relation to relevant functions carried out at present by UNHCR, the new Office for Inspections and Investigations and other United Nations bodies and submit a detailed and comprehensive report to the Executive Committee through the Advisory Committee during the forty-ninth session of the General Assembly. The proposal should clearly define the functions of the Inspector and the proposed terms of reference and operations in the context of the current restructuring and reform process at the United Nations with a view to enhancing cost-effectiveness and efficiency and avoiding duplication.

Categorization of posts (EC/1993/SC.2/CRP.25)

20. The Committee commends the High Commissioner for the improvement with regard to the ongoing categorization of posts and welcomes the progress achieved. The Committee notes that the proposed categorization in two groups - programme posts and posts under programme support and administration - is more pragmatic and makes the analysis of posts more transparent. The Committee, however, believes that the proposed categorization can be further improved and that there is a need for further refinement.

21. The Committee recalls that the objective of this exercise was to establish workable and reasonable definitions to identify programme support and administration costs versus programme costs and to show the two groups in a more transparent manner. The Committee recognizes that where some functions fit into both groups there would be a need for flexibility and pragmatism in the treatment of the related posts. However, the Committee notes that 30 posts in the Executive Office of the High Commissioner are listed as programme posts although the functions relate largely to programme support and administration rather than to programmes. Upon inquiry, the Committee was informed that the 135 posts in the Division of Programme and Operational Support with 81 programme posts and 54 PSA posts relate to emergencies, procurement and operational responsibilities. The Committee is of the view that the procurement functions relate more to programme support than to programme expenditure. Furthermore, 44 posts in the Division of External Relations are indicated as programme posts while

the responsibilities relating to fund-raising and operational activities could be included under programme support and administration.

22. In view of the aforesaid, the Committee believes that the costs for programme support and administration are underestimated and the number of PSA posts (376) compared to programme posts (373) should be higher. The Committee trusts that the current exercise will lead to a better definition of programme expenditure as against administrative and programme support costs.

UNHCR's New Headquarters Premises (EC/1993/SC.2/CRP.29)

23. The Committee notes that the Montbrillant building has been designed for a capacity of 720 staff while the number of posts approved for 1 January 1994 is currently 749 (para. 6). In this connection, the Committee recalls UNHCR's projection in 1992 (EC/SC.2/1992/CRP/Rev.1) that the number of headquarters staff would increase from 597 to around 620 and there would be a reserve of at least 400 square metres of space for possible further expansion, lease to the United Nations system or UNHCR related activities. In view of the aforesaid, the Committee expresses its concern that already prior to UNHCR's projected occupation of the new building in May 1994, the new headquarters premises are too small and that "additional offices will be required on a permanent basis." The Committee notes that UNHCR has, in fact, already rented additional office space of 305 square metres close to Montbrillant.

24. The Committee was informed that the number of UNHCR headquarters staff (or calculated in work years) has increased from 530 in 1990 to 749 at present. In this connection, the Committee recalls its observation in its 1991 report that to the extent that UNHCR is successful in increasing the proportion of its staff in the field, the pressure on headquarters accommodation will ease. Bearing in mind UNHCR's potential for growth due to unforeseen emergencies and the possible large increases in humanitarian assistance, the Committee is of the view that the new headquarters premises appear not to resolve UNHCR's long term space requirements and that its current difficulties in operating from several buildings will continue.

25. The Committee notes that the building maintenance costs amount to Swiss Francs 980,000, in addition to the estimated annual rent of Swiss Francs 3,748,000. (para. 12) Upon inquiry, the Committee was informed that the maintenance costs include administrative costs, salaries for two maintenance workers and one technician and insurance costs for the new building. The Committee is of the view that the maintenance costs of about 26 per cent of the rental costs are high and that UNHCR should pursue negotiations with the Swiss authorities to reduce these costs.

26. Considering the large administrative implications of this project and the substantial funds involved, the Committee is of the view that UNHCR lacks the necessary professional technical support to negotiate the most appropriate and cost-effective arrangements. The Committee notes that there is an urgent need for more technical and expert advice, especially

engineering and real estate financing, during the current negotiations before a final agreement on the building is reached.

27. The Committee was not satisfied with the level of information provided in the document. For example, with regard to the inclusion of an "option to buy" clause in the lease agreement, as recommended by the Committee, UNHCR still considers rental of the Montbrillant building as the best option (para. 2) without explaining its conclusion. The Committee notes that the proposal on headquarters premises should have included a detailed financial analysis of the costs for the rental or purchase of the building over a period of 30 years in nominal and present value terms, taking into account the substantial costs involved, the long-term investment and asset of headquarters property compared to largely increasing rental costs in Geneva.